TRENDS

Candy

Seasonals are gaining importance in candy category sales: buyers

Continued from page 14

boxed candy, both Whitman's and Russell Stover brands, in 12 feet near the greeting cards and gift aisles. Harco, which carries Whitman's, Pangburn's and Elmer's fancy boxed chocolates, may advertise the checkout items more frequently than the boxed assortments, but according to buyer Horn, "we obtain the greatest margins from boxed candy."

The imported chocolate category has sold well in some stores, but is stagnating in others. McClintock reports that at F & M, "The European candies have picked up, with Mon Cheri, Callard and Bowser, and Toblerone bars leading the way."

Putze, buyer for Standard Drug, reported that in his markets, European bars are having a "terrible time," again because of the demographics of Standard's customers. However, a small box of Borden's chocolates sells well at two for $1.00

1987 candy industry data

	1987		1986		% change	
	Quantity	Value	Quantity	Value	Quantity	Value
Chocolate and chocolate type	2,192,023	$4,403,206	2,062,963	$4,118,705	6.3%	6.9%
Sugar-type confectionery	1,251,635	1,599,821	1,169,568	1,514,902	7.0	4.9

Note: Quantity in thousands of pounds and value in thousands of dollars.

Sources: National Confectioners Association and Chocolate Manufacturers Association.

Peterson Drugs' warehouse manager, Lippold, does not carry any European- type bars, saying "the 40-cent candy bars are our mainstay."

Seasonality is a key factor in this category, with many buyers saying boxed chocolate sales skyrocket during the holiday season. Louis DeMarco, assistant sales manager for R. M. Palmer, a candy company that manufactures branded candy like Double Crisp and Truffles as well as seasonal products like Peanut Butter Pumpkin Patch for Halloween, said "The seasonal category is more important to the candy category as a whole; the everyday candy category is stagnating. New products are few, and it is deals that generate more volume at the retail level.

"Drug stores seem to own the business," said DeMarco. "They are very seasonally oriented. The seasonal business is an incremental one, and drug stores have realized that variety and program selling work."

At Douglas Drug, during seasonal promotions, a whole candy aisle of 35 to 40 feet may be allocated, according to Iacono.

McAlister of Kerr said seasonal candy is merchandised in an additional 56 feet in the center promotional aisle. For example, during the Halloween selling season, the aisle would include costumes and accessories along with the holiday candy.

In an attempt to keep boxed candy display space steady at major chains—especially when merchants expand seasonal impulse displays, as at Halloween—Whitman's is sponsoring a consumer/trade "World of Chocolate Sweetstakes" this fall. Consumers can win trips to Disneyland, Fuji disposable cameras, and commemorative Whitman tins. But McNulty said it is really a consumer/trade contest, since prizes won by consumers will also be given to chain drug store managers where the candy was purchased.

Palm Springs is site for 40th NAGMR convention

PALM SPRINGS, Calif. — The National Association General Merchandise Representatives (NAGMR) will hold its 40th annual convention here at the Marriott's Desert Springs Resort from October 2 to 7, 1988.

Any questions regarding NAGMR or the convention should be directed to Jack M. Springer, executive director, at 111 E. Wacker Drive, Suite 600, Chicago, Ill. 60601. He can be reached at 312-644-6610.

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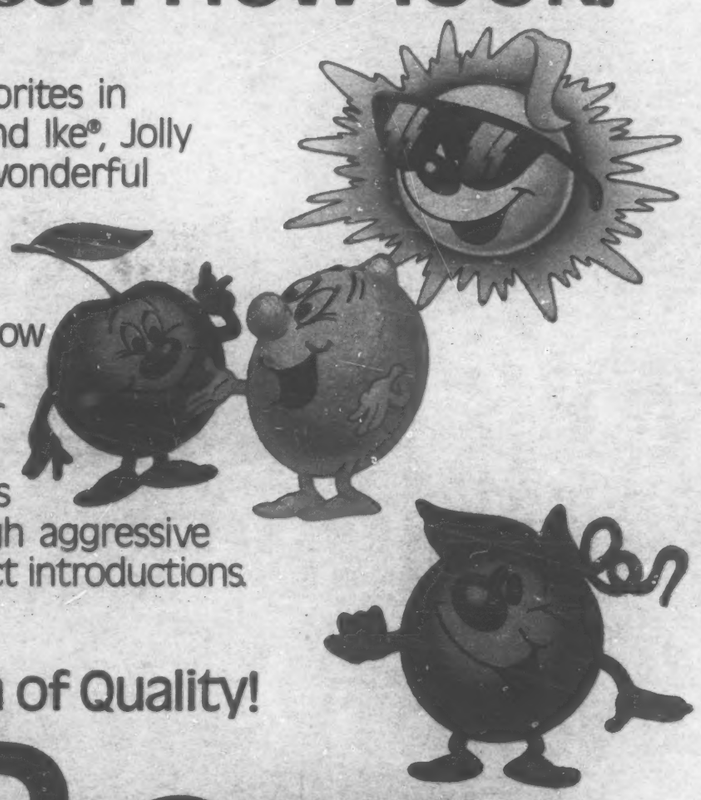

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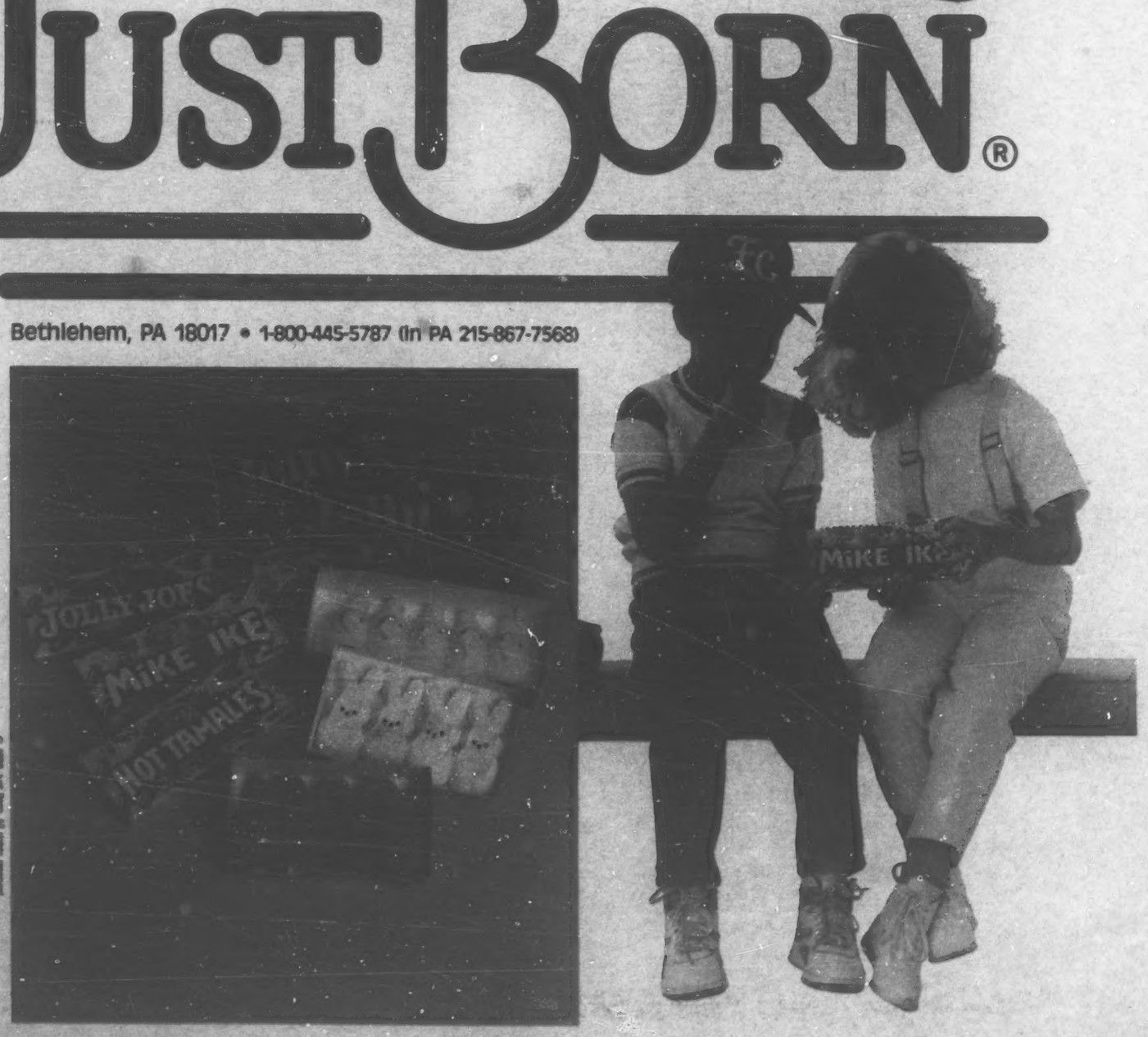

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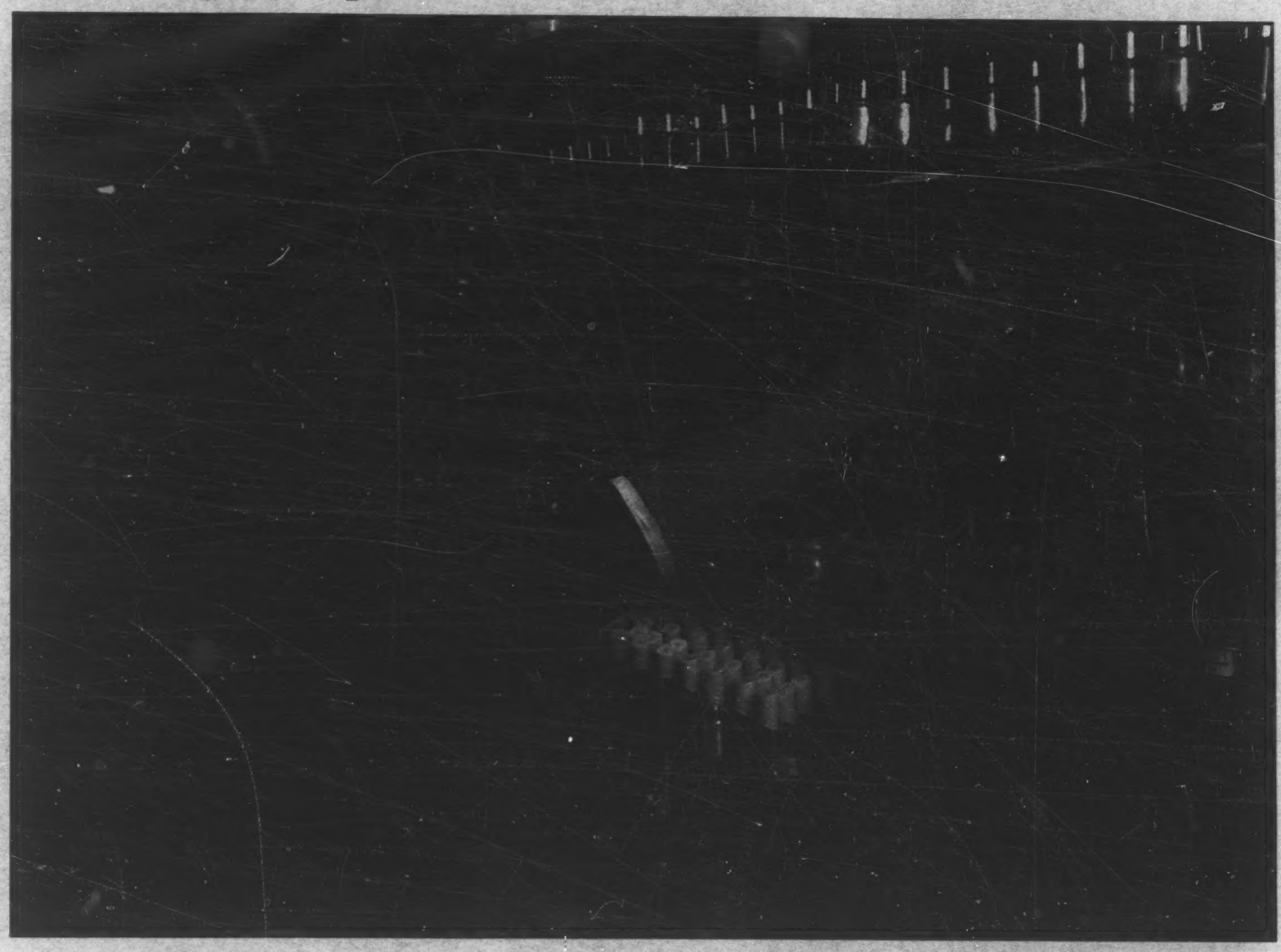
BEAUTY TRENDS

Treatments give pizzazz to nail care sales



Nail treatment products are "blowing out the door," according to chain drug cosmetics and toiletry buyers.

Sales are up dramatically, they report, especially for some of the established lines like Sally Hansen and La Sallé. Also hot are some of the latest new products, particularly Revlon's Calcium Gel, Sally Hansen's Nail Therapy, Max Factor's Second Nail, Nutra Nail's Silk Wrap Colors, and Cutex's color-treatment line, Strong Nail.

Buyers say that almost all nail hardeners and conditioners are doing well. Some of the brands mentioned most often are Sally Hansen, La Sallé, L'Oréal's Grow Strong, Nutra Nail, Jonel, DeLore and Jonée.

Within the treatment segment, they report, silk wraps are doing very well. In some parts of the country, buyers are very positive about a new color/treatment line just rolling out from Cosmagique's CCA Industries called Nutra Nail Silk Wrap Colors.

The line has sold particularly well in the Detroit market, where it was featured on radio spots in May. K mart, Drug Emporium, Perry and Arbor have had good sell-throughs with the Silk Wrap Colors, sources say, and CVS and Fay's are now in the process of testing it.

The more traditional nail color lines, however, are basically flat in most areas of the country, with a few exceptions. Most buyers say that although their nail color sales are steady on the major lines, dollar sales are either flat or down somewhat.

This year's growth seems to be coming from color/ treatment lines like Sally Hansen New Lengths and Hard As Nails, Strong Nail and Silk Wrap Colors.

Artificial nails are definitely down, with most buyers reporting declines ranging from 10 percent to as much as 40 percent.

In artificial nails, the biggest fall-off has come from the colored press-ons and to a slightly lesser extent from the regular press-ons, especially at higher price points.

Most buyers say their budget-line press-ons are still selling well, particularly Wet 'N Wild's 99-cent version. Several buyers also say they are still doing well with Cosmair's Press & Go press-ons.

However, there are some bright spots in the artificial nail category. Many buyers are now starting to report strong, and sometimes dramatic, growth in sculptured nails and French Manicure kits.

Buyers throughout the country report strong sales growth in sculptured nails, but off what is still a relatively low base. Most chains say they only started carrying sculptured nails about a year ago when Lee Pharmaceuticals launched a new "easier to apply" sculptured nail. But within this past year, a few chains report sales have grown by as much as 50 percent.

Some buyers think the sculptured nail category could grow to be as large as the now waning press-on segment. However, buyers caution that the category's future growth will depend on new formulas now hitting the market. Several manufacturers have new sculptured nail sets launching now (see new nail products story in this section), and Lee is heavily advertising the category, just as it heavily advertised press-ons to single-handedly build that segment.

But many buyers say that the sculptured nail (a semi-permanent nail that wears better than press-ons) can be difficult for a woman to apply at home, and the success of this category will depend, as Arbor's David Van Howe puts it, on how "user friendly" the new launches are.

Most buyers also report growth in their French manicure kits, but their projections of growth vary around the country. Some chains estimate that category's sales are up about 10 percent, while others report increases in the 20 percent to 30 percent range.

One buyer even thinks that the growth in French manicure kit sales may be slowing sales of nail color and nail enamel in her stores.

This year, the nail implement category is generating light to moderate growth. Some chains report their nail implement sales are up between 2 percent and 4 percent, while a few say sales are up about 10 percent.

Some buyers report that the growth in nail treatment sales has helped their implement business.

Growth in nail color sales

Retail segment	Dollar sales*	% change vs year ago	Share of market
Drug stores	$156.1	(2.4%)	64%
Food stores	$ 40.9	(4.8)	17
Mass merchandise stores	$ 47.1	(11.0)	19
All three outlets	$244.1	(4.7)	100

*12 months ended March/April, 1988 Source: Nielsen Marketing Research

Nail color: Five-year market share trends

Retail Segment	1983	1984	1985	1986	1987
Drug	65%	64%	64%	63%	63%
Food	17	16	15	16	17
Mass Merchandise stores	18	20	21	21	20

Source: Nielsen Marketing Research

Nielsen: Nail color sales gain strength

Nail color sales in mass market outlets were weak last year, but the category has been getting stronger in the past six months, according to Nielsen Marketing Research estimates.

Nielsen reports that after several years of relatively strong growth, nail color sales in food, drug and mass merchandise stores declined 6 percent for calendar year 1987.

Mass merchandise stores were the hardest hit last year. Nail color sales in these stores were down almost 9 percent for 1987. Drug stores suffered a 5.8 percent drop in nail color sales in 1987, but food stores escaped with just a moderate 3.5 percent decrease.

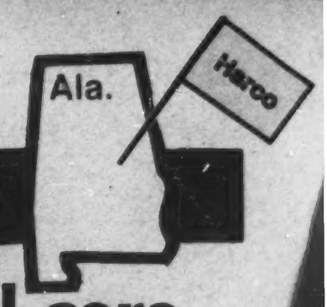
The picture for drug stores, however, has gotten a little brighter in the last six months. Nielsen reports that the category went up 3.5 percent in the November/December two-month reporting period, and it was up 4.7 percent in January and February.

However, in March/April '88, the growth rate slowed somewhat, and Nielsen only registered a 1.7 percent increase for drug store nail color sales in that period.

For the 12 months ending in March/April, 1988, drug stores were outperforming food and mass merchandise stores in maintaining the category. Their nail color sales were still off, but just by 2.4 percent. In food stores, nail color was down nearly 5 percent while in mass merchandise stores, it was off by 11 percent.

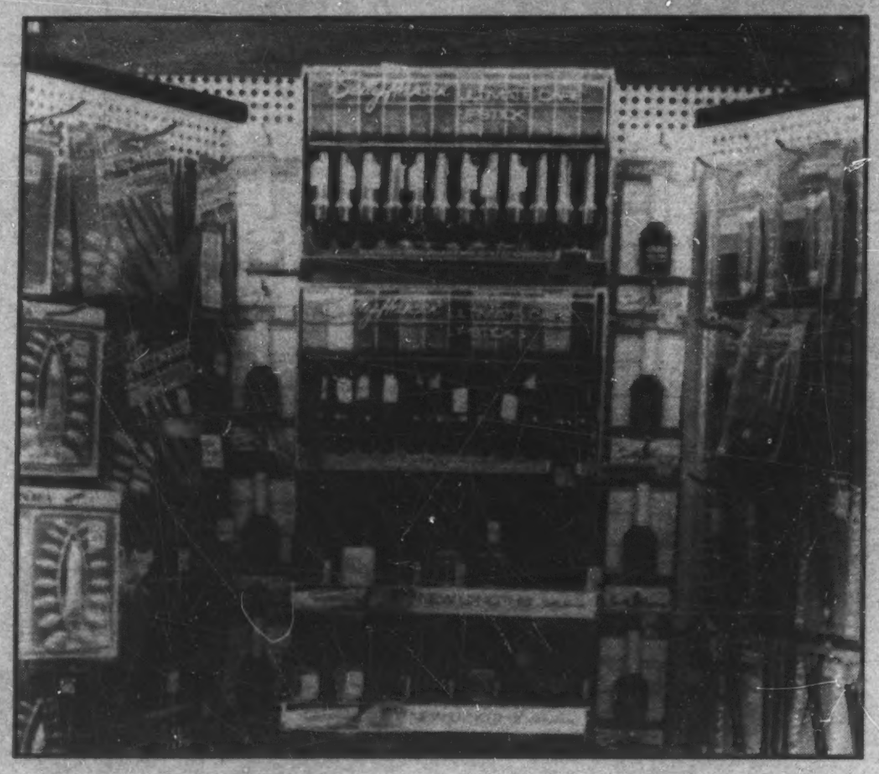
Drug stores still remain dominant in the nail color category. For the 12 months ended last April, drug stores had a 64 percent share of all nail color sales, while food had a 17 percent share and mass merchandise stores, a 19 percent share.

It now looks as if drug stores have a shot at beating back the competition to regain the 65 percent share they had of nail color sales in 1983.



Treatments pace nail care at Alabama's Harco Drug

Many drug chains are responding to the fast growth in nail treatment sales by creating separate "treatment" sections within their cosmetic planograms. In most cases, treatments are the heart of the set, but artificial nails, nail implements and nail polish removers and other accessories often round out the set.



NORTHPORT, Ala. — In Alabama, Penny Wade, cosmetics buyer for Harco Drug, reports that except for Sally Hansen Hard As Nails, her nail color sales have slowed down somewhat this year.

She thinks they may be off because of the growing popularity of the French Manicure kits in her market. So far, the Revlon French Manicure and Wet 'N Wild's $2.95 Frenchy have been her best sellers.

Strong Nail had just gotten into the Harco stores, but Wade said she expects that it will do very well. "Hard As Nails does better than most of my color lines, so I think Strong Nail will do well too. Women today are looking for products with treatments in them."

Wade said that so far this year, treatment sales have been the fastest growing in the nail category. "Sally Hansen is our strongest brand," she said, "but La Salle has been doing well here too."

Calcium Gel had just gotten into the stores at presstime, but Wade was optimistic it would do well. Second Nail was already going into the new planogram for Max Factor. "We had it in the pre-pack and it sold very well," Wade said. "It's a very good item."

Pavion's Nail Zone was still on order, but Wade felt that because Pavion will be doing a lot of advertising for Nail Zone and because treatment gels are "trendy" right now, that it should do very well.

In color, Clarion was "slow." Wade said the line sold fairly well last Christmas when it was promoted, but since then it has slackened off.

Cover Girl's Nail Slicks has also slowed some, but Noxell has repackaged the line and put it out uncarded and Wade said that change should help revitalize sales. "Women like to see the colors when they buy nail enamel," she said, "and Noxell is very fast to react when something slows down, so I think this will be a good change."

Max Factor and Revlon have both been doing well for Harco as color lines.

The Revlon implement line has also been selling well, although the category is basically flat for Harco. "It's neither up nor down," said Wade.

Like many drug chains, Harco has been advertising color more; in some cases, it has been tying in nail care ads with training schools and in-store display contests.

Last March, Harco ran a training school with Del Labs' Sally Hansen division, and a few weeks later broke an ad for Sally Hansen in its coupon books. Harco also sponsored a display contest for Sally Hansen, and Wade said the result was a great ad, with impressive sell-throughs.

Since then, Wade has begun tying in other types of items with nail care ads. "We're looking for incremental sales, and I think women who buy nail care products, particularly treatment products, will also buy related items like implements or cotton balls or our private label nail polish remover. So whenever I can, I'll put a related item in next to my nail care items, and sometimes I'll do it whether there are promotional monies available at that time or not. The end result pays off."

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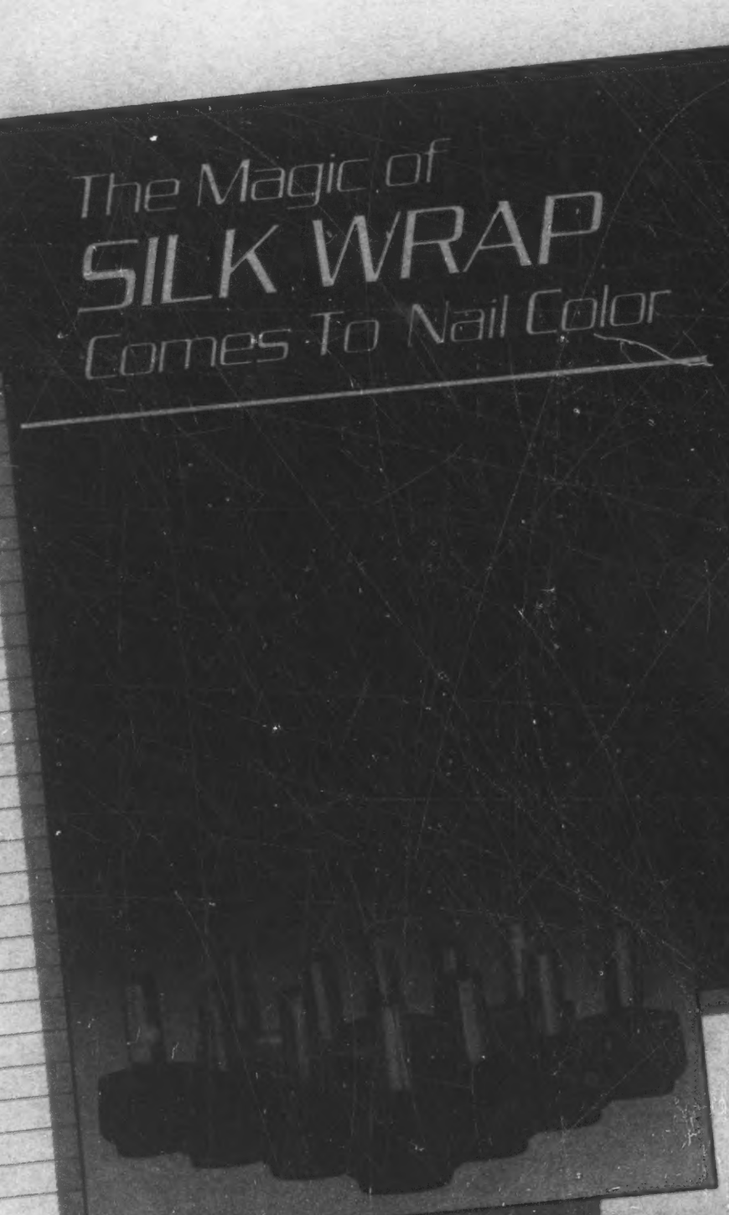

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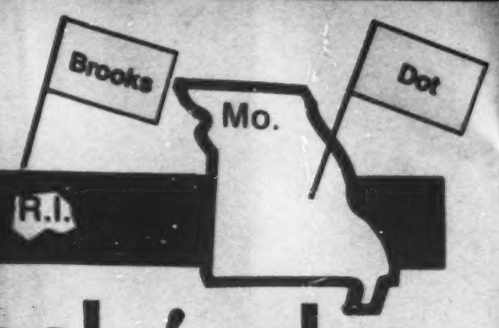


Nail care

Treatments strengthen nails, as well as Brooks' sales

PAWTUCKET, R.I. — In the Northeast, sources for Brooks Drug, which has about 360 stores, report that the new Sally Hansen Nail Therapy is selling like hotcakes.

A company source said it may be because people like the package or because they like what the Nail Therapy does. "It's new and it can be related to moving up in the world, improving the way you are," said one source.

Traditional Cutex also does well in Brooks stores, and the new Cutex Strong Nail line is off to a very good start. Management said consumers seem to like the Strong Nail colors and they like the idea that Knox gelatin, a traditional nail strengthener, is in Strong Nail's formula.

"Anyone who's ever gagged down Knox gelatin to try to make their nails stronger knows the appeal of putting the gelatin in a nail color/treatment item," said a company spokesperson.

Brooks has been doing a lot of promotions with the entire Revlon nail line recently, and management said they've been seeing "a lot of strength" in both the Revlon line and nail care in general.

However, Brooks passed up a go at Revlon's new Neat Touch nail care line, because management didn't feel there was anything "new or innovative" in the line. One source said many of the SKUs in the Neat Touch line duplicated SKUs that Brooks is already carrying in the classic Revlon line.

Nail care is still a fast-growing segment. Working women are buying more treatment products to strengthen their natural nails, and they're investing more in artificial nails they can apply at home. Especially popular are sculptured nails and French manicures.

In treatments, Sally Hansen dominates the category in the Brooks stores, and management said the entire line is selling well, with the new Nail Therapy doing especially well.

Max Factor's new Second Nail Nail Saver is also doing well in Brooks stores. "We haven't promoted it yet, but sales have been steadily and consistently good. Probably around the first of the year, we'll begin promoting it," said one source.

Brooks management thinks the treatment lines have been doing so well because people today want to build up and condition their nails.

In addition to Nail Therapy and Second Nail, the La Sallé treatment products are strong at Brooks and so are L'Oréal's Grow Strong and many items in the Sally Hansen Hard As Nails color/treatment line.

Two Hard As Nails shades, nude and natural, do particularly well at Brooks because, management speculates, "people seem to be using them as a conditioning item for problem nails."

Like most drug chains, Brooks merchandises its nail color lines by family: Revlon nail in the Revlon planogram and L'Oréal in the L'Oréal section, for example.

Management said that the entire color category has been "doing a good job across the board. Revlon has consistently been strong, Max Factor has been growing, and L'Oréal and Almay have been doing well.

Most Brooks stores have four feet of pegged space that holds accessory items, including false nails, which Brooks has cut back in space "considerably" from a year ago.

In implements, Revlon is dominant, but Brooks also has a selection of key La Cross items to give its customers more variety and a better selection.

The La Cross line replaces a private label line that Brooks' new management found was not selling well. With La Cross in the planogram, Brooks said the department has grown more attractive to customers and sales of implements are now trending up.

"Our Revlon implement sales are up too," said one source. "Now it looks like we have a more complete department and we also have a better quality product on our shelves."

'Natural' sculptured nails move for deep-discounter Dot

KANSAS CITY, Mo. — In Kansas City, Gwen Batchelor, cosmetics supervisor for Wal-Mart's 14-unit Dot deep discount chain, reports that sculptured nails lead nail sales for the chain, doing better than press-ons, as do glue-ons.

She said the Miss Lee press-on line for children and the new Lee French Manicure kits also are not selling well in her stores, and that colored press-ons are not turning at all.

Batchelor said the Lee sculptured nails are selling well and so is the Salon Professional Nail line that Dot buys from South Beauty Sales, a local distributor of professional products to retail outlets.

"Women are tired of the press-ons. You can't really do anything when you wear them except eat and drink champagne," she said.

"The sculptured nails look better and more natural and they stay on. You can live a normal life when you wear them."

In the color/treatment segment, Cutex's new Strong Nails is doing exceptionally well for Dot. Batchelor said the line was only in her stores a few weeks before she had to reorder. The line is merchandised both in-line and in prepacks. Batchelor said the movement is good from both spots in the store.

"The shades are nice and people like them, and I think they also like the idea of the Knox gelatin in the formula."

Strong Nails is the only color line generating dramatic growth in Dot stores at the moment, but Batchelor said Revlon, Max Factor and L'Oréal are all doing "OK." Their growth has stabilized, but they all still sell well.

Sally Hansen, however, is showing stronger growth and Batchelor thinks it is because, like Strong Nail, the line has a very persuasive treatment story to tell. "The other lines stress treatment benefits too," she said, "but people seem to go more for the Sally Hansen line."

In the total nail segment, Batchelor estimates that her strongest overall growth is still coming from her treatment brands. Max Factor's new Second Nail Nail Saver is doing very well in her stores, and so is Sally Hansen's Nail Therapy and Revlon's Calcium Gel.

Sally Hansen's Maximum Growth is also still doing well at Dot and L'Oréal's Grow Strong is performing "fair."

Overall, Batchelor estimates that treatments may be up about 10 percent this year in Dot stores. Except for Cutex's Strong Nail, the color segment is flat, and the artificial nail segment is down. Implements are also flat to up slightly.

Dot recently cut back slightly on its implement department. They had used two spinner racks plus a four-foot section for Revlon, its dominant brand.

Now Dot has eliminated one spinner rack and given its stores the option of taking either the La Cross rack or the Kurl Lash rack. "Both lines have performed equally well for us," said Batchelor. "It seems to be a matter of one line being better in one area and another line stronger somewhere else, so we've left the selection up to the stores."

Batchelor did bring in the Revlon Neat Touch line, which includes implements as well as treatment items and a small assortment of artificial nails.

In spite of the fact that the Neat Touch line duplicates some SKUs that Dot already carries, Batchelor said the line has worked out very well for the chain. "The line may have taken some sales from our spinners," she said, "but our Revlon implement sales aren't down, and we do seem to be getting some additional business.

"The Neat Touch artificial nails are also selling fairly well. Revlon has a bonus pack that includes a free trial size nail color with each purchase, and consumers are responding well to that."

The information in this ad tracking report was supplied by Vereen & Associates, a management and marketing consulting company based in Indianapolis.

Vereen & Associates currently tracks 100 percent ad activity on 40 drug store product categories. The service currently monitors the print ads of most of the nation's top 40 drug chains.

The information in these charts can be used to identify the most frequently promoted brands and segments within the nail care category, and also to compare the most recent advertised prices on popular brands by chain and market.

The ads in this special report appeared in newspapers and circulars in May 1988.

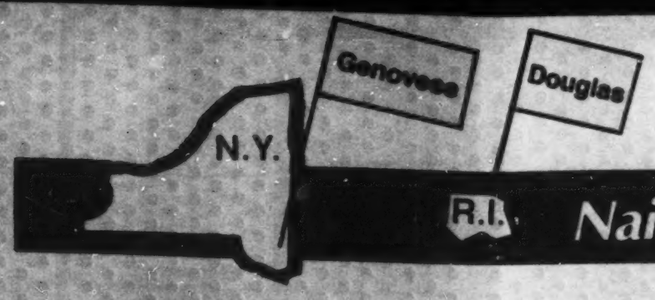
Vereen's definition of nail care includes nail color products, artificial nails, nail treatments, nail implements, nail polish removers and accessory products like emery boards and shaping discs.

Drug, food and mass merchandise chains:

(Percent of print ads focused on cosmetics/toiletries in May 1988

Category	Percent of total ad space in print ads		
	Drug stores	Discount stores	Food stores
Skin care/sun care	9.2%	2.9%	8.4%
Hair care/accessories	7.1	4.0	7.0
Women's cosmetics/fragrances, excluding nail care	3.9	1.2	2.7
Men's toiletries	1.7	0.7	1.7
Nail care/color	1.0	0.4	0.6
Cosmetics/toiletries as a % of total May print ads	22.9	9.2	20.4

Source: Vereen & Associates, May 1988 Retail Ad Activity Service



Long Island's Genovese notes 'good growth overall' from nail care products

MELVILLE, N.Y. — In the New York market, Stephanie Hayter, cosmetics buyer for the 83-unit Genovese chain, reports "good growth overall" in nail care and particularly good growth from the new Cutex Strong Nail line.

"Strong Nail has been doing very well in our stores," Hayter said. "I think it's because it has a new angle."

Hayter said her stores are also doing well with the 99-cent Brucci color line. "Brucci has a customer following in New York," Hayter said. "We moved a quarter of a million pieces last year, all impulse sales."

Hayter does have the Revlon Neat Touch line in her stores, and she reports "very good sell-throughs." The Revlon classic implement line is also doing well, even though Hayter agrees there is some overlap or duplication between the two lines. "We haven't seen any tradeoffs and we are getting incremental sales," she said.

Max Factor and L'Oréal are both doing pretty well in Genovese stores, and the Revlon Natural Wonder Super Nail is also selling well. Genovese merchandises the Natural Wonder Super Nail line on an open shelf near the Brucci rack.

Almay nail color is doing "OK" at Genovese, Hayter reports, "but it's not one of the strongest nail color lines.

Nail Slicks from Cover Girl is doing well at Genovese and Hayter said the Clarion nail color line is picking up and doing much better than last year. In treatments, Second Nail is doing well; Develop 10 with a $7 price point is very strong; and La Salle does well. Hayter has featured them several times in the Genovese coupon book to good effect. Revlon's new Calcium Gel is doing exceptionally well. It sold out of its pre-packs and is now going in the regular planogram.

Nail Therapy is also doing well and it also sold out of its pre-packs. French manicure kits are selling well at Genovese, particularly the West Cabot, Lee and Sally Hansen kits.

Sculptured nails are "hot" right now in Genovese stores. Hayter said she thinks it's too soon to tell how much growth this category can generate over time. "Its future depends on how many more women will now start using sculptured nails. It's possible that the majority of women weren't using them in the past because they're expensive in the salons. Now that they're more affordable, we'll have to see what happens.

"I think the category needs more advertising, and if Lee gets behind it as aggressively as they got behind the press-ons, that might do it for the category."

Hayter reports that Genovese hasn't made any major changes in the way it merchandises nail care this year.

The chain has been upgrading its cosmetics department, however, and the biggest change is that it is installing showcases as it remodels or opens stores. At the current rate, about 10 to 15 stores are remodeled each year.

Many drug chains are converting to a family presentation of nail coloring products. Buyers and merchandisers reason that most women are brand loyal and if they tend to buy, say, Revlon face and lip products, they will also want to buy Revlon nail enamels. Putting the nail color in the family set then just makes it more "convenient" for brand loyal shoppers. It also makes it more likely that drug chains will generate incremental impulse sales.

Aggressive ads, coupon books boost Douglas's category sales

NORTH PROVIDENCE, R. I. — In Rhode Island, the 11-unit Douglas drug chain reports nail products are continuing to grow as a category.

Cosmetics buyer Anne Beauregard said Douglas has also been advertising nail care much more aggressively lately, particularly treatment items and major brands like Revlon.

Beauregard favors the use of coupon books for nail care ads. She feels an ad in a coupon book gets the best exposure. It's in the consumer's home for a month as opposed to a day or two for a newspaper ad, and it gets better attention. "People tend to save the coupon books and to read them. They're more visible," she said.

Beauregard also likes to advertise nail care because the food and mass merchandise stores don't usually focus in on this category. "They don't do much with nail at all," she said. "They prefer to do blanket ads on lines. They'll advertise a 10 percent discount on Cover Girl, for example, but they won't single out Cover Girl Nail enamel or an individual nail treatment item."

Like most chain drug store cosmetics buyers, Beauregard has cut back on her space for artificial nails, dropping down about 50 percent to three feet. She's given the extra space primarily to nail treatment lines, which now have about four feet of space.

In Douglas stores, the higher-priced press-ons have fallen off in sales while the lower-price lines like Press 'N Go are still continuing to do well.

The Miss Lee children's press-ons are still doing well, but Beauregard is starting to see more sales coming from the Lee Sculptured Nails. The sculptured nail segment has been doing so well that Beauregard recently added two more lines: West Cabot and Cosmair's Press & Go.

Nail glue, especially the Kristy Wells Ultra Glue, has been doing "fantastic" in Douglas stores.

Revlon's Calcium Gel has had "excellent" sales at Douglas. The DeLore strengthener and hardener has done well. La Sallé is strong and so is Cosmagique's Nutra Nail.

Second Nail wasn't selling that well yet in the Douglas stores at presstime. Maximum Growth, however, which Douglas promotes frequently, was "flying out the door."

Revlon was Douglas's best-selling color line, but the new Flame Glow nail enamel was "blowing out the door" at presstime. Strong Nail was also "blowing out," Beauregard said, but L'Oréal was only doing well on certain shades, and Beauregard said the line's color selection may need a "face lift."

Nail Slicks was very good, but Clarion wasn't turning well and Beauregard speculated that the Clarion color line may disappoint women on "wearability. There was good trial, but no repurchases," she said.

Almay's nail line was just selling "so-so." Beauregard also noted that Almay's nail enamel doesn't seem to wear as well as other enamels that aren't marketed as hypo-allergenic.

She feels that because the line is hypo-allergenic, it probably doesn't contain ingredients like formaldehyde that contribute to longer wear.

Nutra Nail's new Nutra Silk Wrap Color line was just shipping in at presstime, but Beauregard felt it would do well. "The price points are a little high, but the polish is nice, and it is a color/treatment line," she said.

The Natural Wonder enamels were scarcely moving in Douglas at presstime.

The implement category was doing well in Douglas stores. Both Revlon and La Cross were selling well, and Beauregard was about to bring in some of the Neat Touch items.

Strong Nail was doing well, and Beauregard said part of its success was the result of it having "good shades at a good price."

Most frequently advertised brands in nail care

Brand	% of May 1988 mass-market retail print ads
Sally Hansen	15%
Cutex	13
Revlon	10
Lee Nails	9
Max Factor	6
La Sallé	5
La Cross	4
L'Oréal	4
Jonel	3
Flame Glow	2

Source: Veneen & Associates. May 1988 Retail Ad Activity Service

Most frequently advertised categories in nail care

Segment	% of May 1988 mass-market retail print ads
Nail color	32%
Polish removers	20
Nail treatment	14
Artificial nails	13
Nail implements/accessories	0.9
Other	20

Source: Veneen & Associates. May 1988 Retail Ad Activity Service

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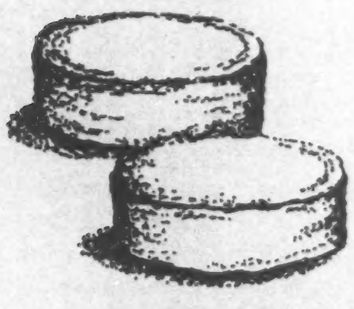

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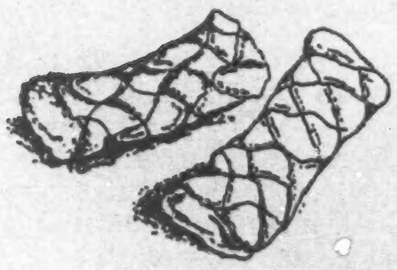

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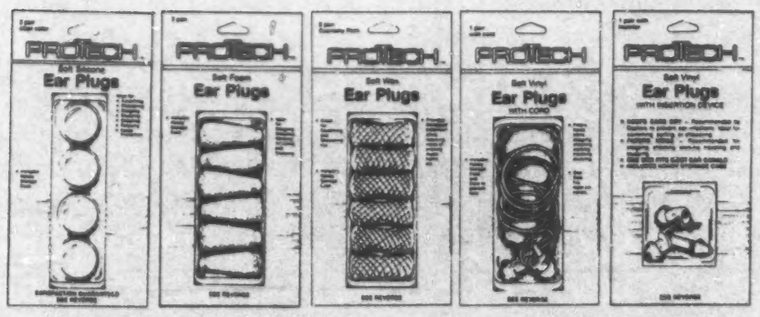

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Nail color: Five-year changes in % of dollar sales

Retail segment	1983	1984	1985	1986	1987	12 months ended March-April 1988
Drug	6.5%	6.7%	17.4%	6.1%	(5.8%)	(2.4%)
Food	14.3	6.0	8.2	17.5	(3.5)	(4.8)
Mass Merchandise Stores	16.3	20.4	21.1	8.3	(8.9)	(11.3)
All Three Outlets	9.4	9.1	16.6	8.3	(6.1)	(4.7)

Source: Nielsen Marketing Research

Family groups Arbor's answer for managing nail care growth

TROY, Mich. — In the Midwest, David Van Howe, cosmetics buyer for Arbor Drug stores, is reacting to the growth in nail treatments by incorporating the treatment lines into a family planogram.

Van Howe is also changing from a generic set to a family presentation for all his nail color and implement lines as well. He said he is making the change because he's noticed that consumers are becoming more brand loyal when they shop. "A L'Oréal color user usually buys L'Oréal Grow Strong treatment. The Sally Hansen color user buys the Sally Hansen treatment items, and so on.

"We're putting all the nail items in the family set because that's the way women seem to want to shop. It's also easier for her to coordinate a nail color purchase with a lipstick shade from the same line. Instead of having to go to two or three sections in the store to buy what she needs, she can shop one section. It's more convenient for her."

In nail care, Van Howe also said he is getting his strongest growth from the treatments, up maybe 10 percent to 25 percent in Arbor stores. His best-selling brands are the Sally Hansen treatment items and the Sally Hansen repackaged New Lengths color treatment line.

Revlon's Calcium Gel has been doing very well in his stores, and the Sally Hansen Nail Therapy, which was just getting into the stores at presstime, looks like it will also do very well, he said.

Second Nail sold very well from its prepack and Van Howe said he will probably add it to the Max Factor planogram. Grow Strong and Maximum Growth, although no longer new items, are still doing "dynamite" for Arbor, Van Howe said.

"I think the mass use of press-ons created the demand for nail treatments," he said. "There are so many damaged and brittle nails out there that people just had to do something. Also, I think more people are trying to grow their own nails rather than continue to wear artificial nails."

Although Van Howe said his overall artificial nail business is down, he is seeing very strong growth with the new sculptured nail lines. That category, which was almost nonexistent in Arbor stores last year, is up 30 percent this year.

Budget nail care lines are doing well in most chain drug stores, buyers say. Teenagers and younger women are brand-loyal budget customers. Their tendency is to buy two to three shades at a time, until eventually they trade up to the mass market lines.

So far, all the growth has been coming from the Lee Sculptured Nails, which Lee is advertising very heavily right now. Van Howe, however, is adding the Jonel Sculptured Nail and Cosmair's Press & Go Sculptured Nail to his line because they look easy to use and he thinks "user friendly" sculptured nails will be the key to the category's future.

"If women buy them and find they're too hard to use, that'll be it," he said. "It'll be a one-time purchase and then she'll go on to something else; but if the new formulas work as they promise, this category could be as strong as the press-ons."

Silk wraps are also selling well at Arbor. Van Howe said the Jonel Silk Wrap and the La Salle Silk Wrap are both excellent sellers. The Jonel Ultra Hold is also extremely good, he said.

The French Manicure kit is also doing well, but Van Howe only carries one brand, Orly. "Orly's everyday business is up about 10 percent and it's a good item for us," he said, "but it's such a dressy look that I don't think we need more than one brand. It just doesn't have that broad a user base yet, at least for us."

The Miss Lee Nails are also doing well for Arbor, but it depends on the market. Some stores turn the Miss Lee nails very fast while others don't, he said.

The nail color segment at Arbor is steady, but it's not showing much growth, maybe 5 percent.

Sally Hansen's New Lengths is doing extremely well. L'Oréal's nail line is doing well and the Revlon One Coral shade promotion did very well.

Cutex's Strong Nails was just getting into the stores at presstime, but early reports from the field indicate that it's doing extremely well.

Natural Wonder's nail color has been reduced to just a few shades at Arbor. Van Howe said he is waiting to see what will happen when the new uncarded Natural Wonder comes out this fall.

Nail Slicks has been steady, but not growing dramatically. Van Howe said it is too early to tell if the new uncarded package will create more incremental growth.

Clarion's nail color has not been selling well at all, and Van Howe said that he is waiting to see what happens if Noxell reformulates the line and if the new advertising makes any difference in sales. "Actually none of the Clarion color brands are selling that well," he said.

There hasn't been any growth in the implements category either, although both the Revlon implements and the Cook Bates Gem line do a good, steady business.

Neat Touch has been added to the Revlon family set, and Van Howe said he is "encouraged" with the movement on the treatment items. "I think it's been helped by having a family set," he said.

Van Howe is not advertising nail care any more strongly than he was last year. His way of building sales is by refining the planograms so Arbor can continue to enhance "our presentation and assortment. That's the key to sales growth for us," he said.

Color cosmetics: New nail care product launches

Product	Company	Launch	Description
Kristy Wells Nail Wrap, Prep-Up Nail Hardener & Conditioner	Kristy Wells	3rd '88	Line extension
Nutra Nail Silk Wrap Treatment	Cosmagique	3rd '88	New one step silk wrap treatment. $3.95 SRP.
Nutra Nail Silk Wrap Colors	Cosmagique	3rd '88	Line extensions: Four new color shades. Now a 16-SKU line
Nutra Nail Silk Wrap Colors	Cosmagique	2nd '88	New color treatment line with 12 shades. The formula isolates silk wrap fibers and suspends them in the color formula. Wraps the nail with silk to strengthen and bond it.
Nail Salon	Ardell	2nd '88	Line extensions: Sculpting Gel System Nail Kit; Sculptured Nail Tip Kit; Multi-purpose Cosmetic Spatulas; Nail Antiseptic Salon
Press & Go	Cosmar	2nd '88	Line extensions: Press & Go Adhesive tab remover; French Manicure; Sculpture Quik Acrylic Nail Kit
Lee Sculptured Nails	Lee	2nd '88	Line extension: new Pharmaceuticals salon length
Allora Nail Treatments	Allora Beauty Labs	2nd '88	New four-SKU treatment line
Fingers No Light Gel System	Fingers	2nd '88	A new one-step nail tip with applicator. Fast drying, simple. No buffing.
Hard Tops	Fingers	2nd '88	Two-bottle solution for strengthening the nail.
Jonel Sculptured Nail Gel	Jonel	2nd '88	New brush on applicator-unique to category. Easy to apply; inhibits fungus growth.
Diamond Nail	Pantresse, Inc.	2nd '88	Fortifies and hardens nails. Fast drying.
Strong Nail	Cutex	2nd '88	Six nail treatments and 32 shades of fashion color and treatment products. The color line is called Strong Nail Perfect Color. Cutex will spend $3 million to support the launch. Print ads will run from July thru December.
Sally Hansen Nail Therapy	Del Labs	2nd '88	Line extension: Liquid crystal formula fortified with natural ingredients. Support includes major print and TV.
La Sallé "10"	La Sallé, Int'l	2nd '88	Line extensions: Insta Nail Dry and One Coat Calcium Gel.
Nu-Nails	Nu-Nails, Inc.	2nd '88	New upscale packaging.
Kristy Wells	Kristy Wells	2nd '88	Line extensions: Sculptured Nail Kits; three new glue repair kits.
Nail Zone	Pavion	2nd '88	New gel that treats nails and cuticles simultaneously. First Pavion product not under Wet 'n Wild brand.
Cover Girl Nailsticks	Noxell	2nd '88	New line of long wearing enamels with a wet look.
Nailene	Pacific World	2nd '88	Repackaged. New trial and travel kits available.
DeLore Nail Fix	DeLore Int.	1st '88	Line extension: repair gel for nails.
Revlon Calcium Gel	Revlon	1st '88	New treatment for the nails fortified with calcium.
Nutra "10" Calcium Nail Strengthener	Cosmagique strengthener.	1st '88	Calcium enhanced nail
La Cross Gentle Care for Beautiful Feet	Del Labs	1st '88	New grooming collection.
New Gel Formula Sculptured Nail Kit and New French Manicure Kit	West Cabot	1st '88	New "mistake proof" kits.
Neat Touch	Revlon	1st '88	New line of grooming aids.
Nail Complex	Pavion	1st '88	New value line of regimen treatments.
Second Nail	Max Factor	1st '88	Hardener and conditioner

Source: *Drug Store News* research

New generation of nail conditioners-hardeners hits market

This year, manufacturers seem to be committed to building the sculptured nail segment by launching new formulas that are easy to apply and much less expensive than acquiring a similiar treatment at a salon.

Many manufacturers are also expanding their assortment of nail treatment items and there is an effort to be innovative in this category by developing a brand with a new twist.

At press time, our New Products tracking system showed that within the past 12 months, there have been about 25 major new product launches or packaging changes within the nail care segment.

In nail, the growth areas are color/treatment lines, hardeners and conditioners, silk wraps, sculptured nails, and the French manicure kits.

Both Cutex and Nutra Nail have new color lines with treatment properties, and reports from the field indicate that chain drug stores, when they have both these lines, are "blowing them out the door."

This year, there is a whole new generation of protector/conditioners/hardeners about to hit the market.

Kristy Wells has a new hardener; Fingers has a new one called Hard Tops; Pantresse has one called Diamond Nail; Cutex has a hardener in its new line of Strong Nail treatment products; CCA has a whole assortment of conditioning and strengthening items for its Nutra Nail line; Del Lab's Sally Hansen has Nail Therapy; Revlon has hardeners and conditioners in its new Perfect Touch line, as well as their new Calcium Gel; La Sallé and CCA also have a new calcium gel conditioner; Pavion has Nail Zone, and Max Factor has Second Nail Nail Saver.

There are almost as many companies bringing out sculptured nail kits. Ardell has one under its Nail Salon brand, Cosmair has one under its Press & Go brand, Lee Pharmaceuticals has its new Lee Sculptured Nails, Fingers has its new No Light Gel System; Jonel has its Scuptured Nail Gel, Kristy Wells has Sculptured Nail Kits, and West Cabot has their New Gel Formula Sculptured Nail Kit.

Many souces say the sculptured nail is the next generation of artificial nails: the successor to the press-on nails that took the retail market by storm about three years ago.

Sculptured nails have always been fashionable and popular with women who had their nails done in salons. But nail salons charge $40 to $50 to apply scupltured nails, and that has made the look not readily affordable to the mass market.

But now many manufacturers have developed new technology that make the applications of sculptured nails faster and easier, and many of the new sculptured nail kits are selling for retails between $5.95 and $9.95.

Fingers' new No Light Gel System, for example, first evolved in salons about three years ago. The manufacturer claims the kit "takes the grind out of applying nails."

Users don't need to worry about either liquids or powders. Instead they apply the gel, which is an acrylic overlay, to the nail tip and within seconds, the tip adheres to the finger.

The process is fast, simple and the nail doesn't require buffing.

Cosmar makes a similiar claim for its new Sculpture Quik Acrylic Nail Kit. Cosmar says its new water activated system "eliminates mess, harsh odors, and chemical activators".

Sculpture Quil also comes with a "Quik Fit" sizing disc designed for fast application. Once the nail tip is sized and applied, it gets dipped in water to harden into a smooth finish.

Jonel also has a new technology for applying sculptured nails at home. Jonel claims its new Sculptured Gel Nail was the retail industry's "first brush on appplicator."

Jonel also claims that using the brush on applicator helps inhibit the growth of fungus in the nail bed. Fungus has been a common problem for many women who use press-ons and other artificial nails.

Lee Pharmaceuticals, which was one of the first manufacturers to launch a sculptured nail over a year ago, now has a new third size hitting the market: a salon length size.

Lee sources say that the scuptured nail segment, along with French Manicures and their Miss Lee Nails for children, have been showing strong growth trends for the past few months, even as the press-on category has been flattening out.

"Consumers got started with the press-ons" says Lee's president Ted Dettlaff, "but now they're deciding they want something more permanent. It's the next generation of artificial nails."

Ardell may have one of the lowest priced sculptured nail kits now hitting the market. Since their starter kit launched last year, many drug chains have been promoting them at $5.95 and $6.95. Ardell also claims the nails are fast and easy to apply and give women a chance to create "affordable salon nails" at home.

Some sources also say the square tip nail is starting to become popular. Out on the west coast, the Pacific World Corp., which makes the Nailene nail care line , says its strongest growth right now is coming from its square tip nail kit.

The action length nail kit and the Nailene Finishing Nail Glue are also doing very well, management says.

Promotion

Some drug chains have started to work with nail care manufacturers to create consumer value programs geared specifically to their chains.

Eckerd and Rite Aid, for example, are both working with Cosmair, which makes Press & Go Nails, on a promotion that will feature free samples of some of Cosmair's Press & Go products with purchases of specific private label items like the Rite Aid cotton swabs.

Eckerd did such a promotion last April, sources said, and Rite Aid has one planned for later this fall.

One source said the promotions give the chains a chance to use traditional marketing strategies to generate incremental sales for their private label lines.

Major manufacturers have used value packs for years to generate trial for new items or build share for their more established brands. Now, said the source, the drug chains are starting to use similiar strategies to build their own private label businesses.

BEAUTY TRENDS

FACES panel says 'be different' to maximize sales

How can retailers get more growth from their cosmetics/-fragrances departments?

According to a panel of retailers and manufacturers who gathered at the Fragrance, Accessory and Cosmetic Exposition and Showcase (FACES) in New York recently, the answer is "be different."

The cosmetics buyers for several major department store chains who were on the FACES panel and several chain drug store retailers in the audience agreed that the way to maximize cosmetics sales in today's market is to "be different" and to stand out with as many new and exclusive brands as possible.

Toni Hopkins, vp/divisional merchandise manager of cosmetics for Neiman-Marcus, said that many cosmetic shoppers today are simply "tired" of the way most chains treat the category.

They're "tired of the fact that most stores look alike," she said, and they're tired of "me-too products."

Calls for better direct mail

Hopkins' solution is to do "more forceful direct-mail pieces" and to create her own mailing pieces with an eye to "giving consumers a reason to use our stores."

Two drug store retailers who attended the FACES program, Austin Drug president Gary Spielfogel and Brooks cosmetics buyer Susan Godfrey, agreed that the customer today wants "something she can't find anywhere else."

Spiegfogel said it was imperative for both mass and department store retailers to ferret out new or exclusive brands that they can be the first to promote.

Dorothy Foster, who until recently was the senior buyer of cosmetics and fragrances for JCPenney, and who now has her own business, DCF International, said the "key to being a successful merchant today is giving consumers something they didn't know they wanted to begin with."

Leslie F. Grunberg, founder and president of Benetton Cosmetics, said that retailers, above everything, "need to know their reason for being.

"It has to be beyond making money or beyond killing the competition and gaining market share," he said. "A president of a retail company has to know what the cornerstone of his business is . . . what niche it is he or she fills and satisfies."

Retailers on the panel also talked about the constant need to upgrade one's image in the market, a necessity just as much for drug chains as for department stores.

Michael L. Vincent, president and ceo of Guerlain, said that all stores today can get "discounted or diverted merchandise," so no chain can rely on its identity as a provider of exclusive products.

"That means chains have to upgrade," he said, "because eventually the only distinguishing feature will be a store's ability to offer a pleasant environment to shop in as well as sales clerks who are knowledgable and efficient."

Foster added that most retailers shouldn't try to rely on becoming "all things to all people."

She said they have "to make choices. They have to limit the brands they carry so they can make a marketing statement about the brands they carry."

In another panel, retailers also tried to identify opportunities for growth in the men's fragrances market.

Paul Cohen, who publishes Beauty Age magazine and who created the FACES trade show, said the real growth in men's fragrances is in cologne sprays, up 18 percent versus last year. The segment, as a whole, is up 5.6 percent in year-to-date sales.

Joanne Marshall, divisional vp of cosmetics for the May Company, said the key to the category's growth is the special merchandising attention that retailers have given this segment in the last few years.

Especially in department stores, Marshall said sales have been helped by merchandising men's fragrances within men's apparel sections. This way, she said, men have freer access to fragrances as well as a more comfortable environment in which to shop.

"Men prefer not to shop in the women's area of the store," she said, "and when you're talking about attracting men shoppers, it's important you make the category easy for them to shop."

John Stabenau, vp and divisional merchandise manager of cosmetics for Marshall Field, also agreed that men "feel more comfortable shopping for fragrances in their own environment."

Stabenau said that some of his stores can generate $10 million a year in their cosmetics departments, and a well known line like Clinique can easily do $250,000 a year in select stores.

A sleeper category

Stabenau also called the men's grooming segment "a sleeper category" and predicted that in the next couple of years, growth should escalate "rapidly and dramatically" for all retailers who pay intelligent attention to the category.

Panelists at the show also predicted that the industry will back away from purchase-with-purchase (PWP) and gift-with-purchase promotions in 1989, and go more in the direction of sampling to gain trial and ultimately repurchases.

Peter Zegras, vp/gm for Halston, said his company will be moving away from PWPs because he believes they are not as productive in capturing the "day-in, day-out business that is to be had out there."

Zegras said suppliers will soon arm retailers with other types of marketing aids, including free samples and samples of starter kits "to get men into a product regimen."

Zegras said retailers can expect to see manufacturers spending more time trying to train sales clerks so they will be better armed to make intelligent sales recommendations. "You'll see an effort to get men into the fragrances first, and after that, they'll probably be an effort to get him into skin treatments," he concluded.

Makeup is key prop for 'successful' women

According to a recent survey of American men and women sponsored by Westwood Pharmaceuticals for its line of Keri skin care products, the average American women spends considerable time caring for her appearance.

Six out of 10 women in the study reported they exercise at least three times a week. Two-thirds said they use makeup at least that frequently, and nearly six in 10 said they used body lotion several times a week. Over half also claimed to use a facial moisturizer regularly.

What the study researchers called "accomplished women" (which they defined by the women being listed in Marquis' Who's Who of American Women) tended to be even more attentive to their appearance than women in the overall population.

More than eight of 10 women in the "accomplished" group said they use makeup regularly; three-quarters said they use facial moisturizers; and two-thirds said that they used body lotions regularly.

Westwood commissioned the public opinion/market research company Research & Forecasts to do the study to assess the importance of a healthy appearance to self image.

Appearance measures taken at least three times a week

	Females[1]	Accomplished women[2]
Use make up	67%	86%
Exercise	61	82
Use body lotion	58	65
Use facial moisturizer	56	76
Don't know/No answer	9	27

1. Taken from a phone survey of 756 women
2. Taken from a mail in survey of 733 "accomplished" women listed in the 1987 Marquis Who's Who of American Women

Source: *The Keri Report: Confidence and the American Woman*

The nationwide phone survey encompassed 756 women and 255 men over the age of 18, and was supplemented by a mail-in survey of 733 "accomplished women" listed in the 1987 Who's Who.

Among the study's other findings:

- 80 percent of all women say beauty plays an important role in their development of confidence.
- 42 percent of all women say that clothing is important in making them feel good about themselves.
- Just slightly over one-third of all the women in the study could be classified as "highly confident" about themselves. This included 37 percent of all women in the general population and 52 percent from the Who's Who listing.
- The highly confident woman in the study tended to be older, have a higher income, work full time and have had children.
- 87 percent of highly confident women expressed confidence in their appearance; and
- Highly confident women spend more time caring for their bodies and worry less about aging.

Cosmetics: Category in Motion

Prince Matchabelli is repositioning its classic Wind Song fragrance to appeal to a broader base of users, especially women 18 to 24.

Wind Song's current base is heaviest among women 50 and over, but recent research shows that the brand's fragrance and positioning receive higher ratings among younger women that its packaging does.

The new packaging has a cool blue background highlighted with bright pastels. Matchabelli will also spend $6 million to support the relaunch with print and TV advertising.

Matchabelli is also introducing a new 0.3-oz. spray with a SRP of $4.95 to attract trial as well as younger users.

* * *

Almay Cosmetics is launching its first fragrance: Almay Hypo-Allergenic Fragrance. Management says it is the industry's "first hypo-allergenic fragrance."

It has been dermatologist and allergy-tested to insure that it is not skin sensitive. The 1-oz. cologne has a SRP of $10; the 2.5-oz. cologne spray is $16.50; the 2.5-oz. Pour is $13.50; and the 8-oz. all over Splash is $9.50.

* * *

Colonia, Orange, Conn., will handle the marketing and distribution of a new Julio Inglesias signature fragrance scheduled to debut here sometime in 1989.

The line is being developed by Myrurgia Barcelona, which has a worldwide licensing agreement with the popular singer.

The fragrance will have select department store distribution in the United States, Colonia's management says.

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Revco D.S. enters ...kruptcy

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Revco D.S. digs in, seeks improved goods flow

Boake Sells

By David Vaczek

AKRON, Ohio — Revco's warehouse inventory levels dropped from 94 percent in May to 70 percent currently, chairman Boake Sells told *Drug Store News* immediately after an August 9 bankruptcy meeting attended by the chain's 20 largest creditors. He claims stores are 90 percent in-stock, though observations indicate that might be a high estimate in some markets.

"We still don't have enough goods. The first few weeks [of a bankruptcy] are chaos," Sells said.

Suppliers are owed $135 million of Revco's total $1.5 billion in liabilities. Some have tightened terms or stopped shipping since the April interest default.

For example, Revco is now on a cash-on-delivery basis with wholesaler Bindley Western, which it owes $10.8 million. 'Revco was paying us right on time prior to the filing; they were totally current [as per terms]," chairman Bill Bindley said.

Revco has sought to reassure vendors it can pay them now, since it is relieved of all debts incurred before the July 28 Chapter 11 filing, including interest on $700 million of subordinated notes and $333 million of bank debt.

Revco announced August 3 that additional cash to pay vendors will be financed by Wells Fargo and Marine Midland banks. It will receive $50 million in interim credit and expects $145 million credit from the banks in late August to finance continuing operations while a plan of reorgani-

See **Creditors,** *page 3*

'We don't anticipate any divestitures, [but] it's too soon to tell if there will be a major change in the number of Revco stores.'

—Boake Sells
chairman, ceo

Gerald Nathanson departs Pay 'n Save; Eils assumes titles

By Pamela Krein

SEATTLE — Just one month after Thrifty Corp. bought Pay 'n Save for $232 million, Gerald Nathanson, president and ceo of the acquired chain, has left to pursue other interests.

Thrifty president Dick Eils has assumed Nathanson's titles in addition to his own. However, day-to-day operations at Pay 'n Save now fall under Richard Dortch, a senior vp at Thrifty who also fills the newly created post of executive vp and general manager of Pay 'n Save.

At Thrifty, the new executive vp and gm role is filled by John Onestinghel, who had been senior vp and assistant to Eils.

When the acquisition was first announced in May, Thrifty and Nathanson said the Pay 'n Save executive would stay on to oversee the

Dick Eils

new division—providing Thrifty with insight into the generally unfamiliar Pacific

See **Nathanson,** *page 77*

Exclusive *DrSN* field supervisor/manager study:

Store managers assert operational independence

By Al Heller

NEW YORK — If you are a vp-operations at a drug chain today, get your aspirins ready. You may be in for a migraine.

Results of the inaugural *Drug Store News* study, "The Role of Field Supervisors and Store Managers," show graphically that headquarters doesn't always get what it wants.

Some dramatic contrasts appear in the answers from store managers, field supervisors and vps, and directors of operations. What headquarters thinks is happening in the stores often isn't.

How could this be? Are operations systems breaking down all over? Are store managers recalcitrant? Are headquarters execs communicating poorly? Is the retail drug trade filled with Neanderthals?

The answer is, indeed, compliance is in the eye of the beholder.

Continued on page 27

'Outstored', Kroger to sell 43-store Florida Choice chain

TAMPA — Kroger's move to sell its 43-store Florida Choice chain was a surprise to many industry observers. But the supermarket giant's Florida stores appear to lack the size and number to compete with Publix, Albertson's and Winn-Dixie, according to market sources.

"We figured they planned to bite the bullet for a couple of years until they got firmly entrenched. You would have thought they'd factor in a five-year loss. The pullout was quite a surprise," said a spokesman at one of Kroger's chief supermarket competitors.

Kroger appeared committed after buying 18 Family Mart stores from A&P in December 1986, and converting them to the Florida Choice name and format. It also began launching larger stores in the 60,000-square-foot range.

The first units, started in 1980 under the SupeRx Food and Drug banner, were all converted to the Florida Choice format, which includes a pharmacy.

Local sources said the stores were aggressively priced and advertised in their main markets of Tampa-St. Petersburg, Naples-Ft. Myers, Melbourne, and Orlando.

But they were outstored and smaller in size than their primary food store competitors, local sources said. Most of the former SupeRx Food and Drug stores were in the 25,000-square-foot range, and were unable to match wide selections of products and specialty de-

See **Kroger,** *page 77*

LATE NEWS

- MEMPHIS — A Malone & Hyde management group, having secured financing, has agreed with parent Fleming Co. to buy the M&H drug store business, including 101 SuperDs, Fleming said. Executive vp Don Lasseter leads the group.
- ALEXANDRIA, Va. — Gene Bergoffen, senior vp-administration at NACDS, is leaving for another job. Jim Huber, of Peat Marwick and Maine, will assume his duties as vp-finance and administration. Doug Wallin has been named vp-government affairs, said Ron Ziegler, president.
- HARRISBURG, Pa. — Rite Aid broke ground for its new $30 million headquarters here last month, expected to open in 1990.
- ANAHEIM, Calif. — Dick Boyd, Longs' vp-pharmacy, has left the chain to join former Longs' executive vp Dick Scott at Osco. Dave Fong, former assistant director of professional affairs, fill Boyd's slot at Longs.

Hot topics top business agenda for NACDS's San Diego Rx meet

SAN DIEGO — Some of the hottest issues affecting the chain drug pharmacy community are on tap at the 31st Annual NACDS Pharmaceutical Conference here Aug. 28 to Sept. 1.

At press time, presentations were slated for "Accepting the Challenge of Managed Health Care," "Automation Opportunities in Health Care-Implications for Corporate Drug Chains," "Electronic Third Party Claims Processing—The Black Box," and "Purchasing in the Future: Interactive Home Shopping."

Speakers include Dr. Edward F. X. Hughes, founder and director of the Center for Health Services and Policy Research at Northwestern University; Bill Lockwood, co-founder and president-publisher of ComputerTalk Associates; Rep. Henry Waxman (D-Calif.), and Peter Vidmar, 1984 Olympic Gold Medalist, on "Accepting the Challenge," which is also the theme for this year's conference.

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NEWS IN BRIEF

K mart halves circular program

TROY, Mich. — K mart has eliminated one of two weekly circulars in most markets in cutting $75 million from its insert advertising budget. It has also ceased distributing circulars through Advo's direct mail service, due to rising postage costs, a K mart spokesperson said.

All circulars will be sent via Sunday newspapers, said spokesperson Terry Kula.

The halving of circular ads, effective in all but "select markets," reflects K mart's desire to spend ad monies in other areas to emphasize a quality merchandise image.

"We want to get the message across that we have brand-name quality merchandise at an affordable price," said Kula.

"We know our circulars can't reach everyone. We're trying to reach those who may not get them," said Kula, adding that K mart has recently emphasized event sponsorship, such as for the Olympic games, and magazine advertising.

K mart advertises health and beauty aids, but not its pharmacy operations, in its circulars.

The cut doesn't affect its other retail businesses, such as Pay Less NW, which have separate budgets.

Calif. atty. gen'l eyes market mergers

LOS ANGELES — Two major West Coast supermarket mergers, currently under Federal Trade Commission review, have come under fire by California's attorney general.

Both the Vons acquisition of 172 southern California Safeway stores and the American Stores purchase of Lucky—with 343 sites in California—have drawn criticism from California Attorney General John Van de Kamp, who fears the mergers would lead to higher prices and less competition.

"Together, these two mergers represent an unprecedented consolidation of firms in the grocery industry and raise serious questions about their effect on competition," Van de Kamp said in comments filed with the FTC.

American Stores responded to the criticism stating: "California consumers will see lower prices—as much as $50 million to $60 million annually—immediately following the successful merger of Lucky Stores and American's Alpha Beta unit."

In the same statement, American said it has reached an agreement with Market Wholesale Grocery Co. to sell 15 Northern California stores, as part of the 37 stores the FTC is requiring the company to divest.

Both mergers have received conditional approval from the FTC and are now waiting for the final ruling.

Roberson heads Eckerd Vision Group

CLEARWATER, Fla.—Eckerd has named Richard Roberson, former vp-treasurer and controller, to the newly-created post of president of the Eckerd Vision Group. Roberson will oversee the launch of as many as ten new Visionworks eye wear centers over the next 12 months, bringing the total to 21. He will also manage the 75 optical centers in Eckerd drug stores.

Roberson has also been named a senior vp of Eckerd Corp., chairman Stewart Turley announced.

Roberson's duties in finance will be taken over by the current financial staff, under Jack Boyle, senior vp-finance and administration.

Harris buys Interchange, Rx wholesaler

SOLON, Ohio — Harris Wholesale, which services about 3,000 drug stores in 15 states, has acquired Interchange Distributors, based in Valley View, Ohio, near Cleveland, for an undisclosed amount.

Interchange, a privately held wholesaler of pharmaceutical products, operates in northern Ohio and western Pennsylvania. It serves mail-order houses as well as retail drug stores from its distribution center, located in Valley View.

Harris, the nation's largest privately held wholesaler, operates seven distribution centers and had an estimated $1 billion in sales in 1987.

Interchange president Homer Herke said, "Harris' financial strengths and broad product selection will give us the opportunity to expand our business base with existing customers, as well as enter new markets."

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McK extends Alco deadline a second time, to Aug. 31st

SAN FRANCISCO — McKesson Corp. has announced a second extension of the expiration date for its cash tender offer to acquire Alco Health Services, until midnight Aug. 31 (New York time).

A McKesson spokesman said the company understands the Federal Trade Commission is continuing to review the acquisition, including taking testimony from various parties. The offer was previously extended to Aug. 8. In another merger-related development, John H. Kennedy retired from his position as chairman and ceo of Alco Health Services July 29 and was succeeded by Ray B. Mundt, who is also chairman and ceo of Alco Standard. John F. McNamara will continue to serve as president and chief operating officer of Alco Health.

Kennedy, 58, had previously indicated his intention to retire upon completion of the sale of Alco Health to McKesson.

Mundt stated that his main responsibility will be to oversee the management of Alco Health, pending completion of the offer by McKesson to acquire all the shares of Alco Health for $30 per share, or about $500 million. Alco Standard owns 49 percent of the outstanding Alco Health shares.

Kennedy, a certified public accountant and frequent public speaker, is regarded as a strong finance-oriented manager, who was a key to Alco's earlier growth-by-acquisition strategy.

Meanwhile, Alco Health and McKesson Corp. each reported record-setting results for their third and first quarters, respectively.

McKesson Corp. posted record first-quarter net income, buoyed by a strong contribution from its drug distribution arm. Drug distribution revenues increased 10 percent, to $1.3 billion, accounting for 82 percent of total revenue for the quarter ended June 30. Operating profit rose 14 percent, to $31 million, or 55 percent of total operating profit. In last year's first quarter, revenues were $1.2 billion; operating profit was $27.1 million.

Thomas W. Field Jr., McKesson president and ceo, said that the "underlying tone of drug distribution remains firm, with operating margins in the quarter rising to 2.30 percent from 2.21 percent in the period a year ago, and 2.29 percent for all of fiscal 1988."

Alco Health Services' third-quarter revenues increased 17 percent, to $509.7 million, from $434.1 million for the quarter ended June 30, 1987. During the quarter, pre-tax charges of $2.9 million were incurred for professional fees and expenses relating to the pending merger. As a result, net income was reduced by $1.8 million, to $4.1 million, up from $3.8 million in the year-earlier period.

For the nine months, Alco Health revenues were $1.5 billion, compared with $1.3 billion, a 21-percent increase. Net income was up 22 percent, to $15.03 million, compared with $12.33 million for the 1987 period.

Sixty years of drug store retailing

The following items are taken verbatim from the pages of Chain Store Age Drug Edition, *which became* Drug Store News *in 1979.*

60 years ago

CLEVELAND, Ohio, 1928 — What's the matter with drug store sandwiches? The Standard Drug Co. of Cleveland knows the answer. In one of its outlying stores, they have acquired a reputation for selling the most delicious sandwiches in the vicinity. Instead of the ready-made factory packed sandwich, marked with a mournful label announcing its contents, sandwiches are made in full view of the customer and on a moments notice. The experienced soda fountain clerk can make a sandwich almost as quickly as it takes to reach for a ready packed one.

50 years ago

SEATTLE, Wash., 1938 — Showmanship applied to a table display of vacation needs resulted in substantially increased sales of these items at the Bartell drug store, Second and Union Streets, Seattle.

This long table, which stood in front of a wall casing, had a tall panel background covered with plain white paper on which were mounted a pair of swim trunks, several sun hats and men's sports caps.

40 years ago

CHICAGO, 1948 — Walgreens Drug Store, Chicago, hit an all time peak in sales volume—$163,260,827—for the year ended Sept. 30, 1948, the annual report discloses. Volume exceeded last year, the previous high, by 5.4 percent.

30 years ago

CLEVELAND, Ohio, 1958 — Gray Drug Co., Cleveland, is pushing its prescription department aggressively. In its new store releases, the Rx department and the men who man it take front center position, and starting this month the Rx department will be highlighted on radio and TV spots.

20 years ago

LONG ISLAND CITY, N. Y., 1968 — Genovese Drug Stores, Inc., of Long Island City, N.Y., captured the Brand Name Retailer of the Year plaque for "outstanding brand name retail merchandising." Genovese won in Class I, for retailers with annual sales of $1 million or more. Dart Drug of Landover, Md., and Elliot's Drug Stores, Savannah, Ga., were named Certificate of Distinction winners for Class I.

10 years ago

TALLASSEE, Ala., 1978 — With the launching of its newest unit in Tallassee, Ala., Harco Drug has reached the 30-store milestone. The new store is the latest in the Northport, Ala. operation's fast-paced expansion program. The chain, in fact, has been opening stores at the rate of three or four a year since 1970. It currently operates throughout Alabama and into neighboring Mississippi.

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SPECIAL SAMI/BURKE REPORT

Category trends by market are not uniform

Product Tracking Alan Miller

In my July 18th column, we saw that purchase rates of H&BA products through drug stores can vary dramatically from one SAMI market to another. We suggested that more effective marketing programs could be tailored to both high consumption and low consumption markets.

Also important to watch: the significant differences in category trends among the 54 major markets in which SAMI/Burke is tracking food and drug store movement. In order to focus on this point we have selected 10 product categories with important dollar volume gains nationally in retail drug store movement for the 12-week period ended May 20, 1988, which corresponds closely with the second quarter of the year. For each of these expanding categories, we have shown the trends in ten geographically dispersed markets for the same time interval.

In some instances, category growth has been aided by volume contributed by new brands which were not on the market during the corresponding year-ago period. Among appetite suppressants, Stay-Trim is both new and national. There are three new major entries in the hair spray category: Salon Selectives, Bold Hold and St. Ives. The mouthwash category boasts two new important brands: Colgate Tartar Control and N'Ice. Equalactin is the new and national product among laxatives and stool softeners. 3M has launched Buf-Puf Cleansers in the facial preparations category.

In other instances, key brands have enjoyed strong sales performance which has bolstered the trend line for the entire category. Among lip care products Blistik had a particularly strong second quarter showing. Tek and Butler were active in the toothbrush category, and both Tums (with a powerful calcium supplement sales pitch) and Mylicon rose sharply among antacids. With foot deodorants and athlete's foot remedies, NP47 enjoyed strong sales.

In addition, Bayer contributed continuing increases which trace back to the study reported in the January 28 issue of the *New England Journal of Medicine*, citing the benefits of aspirin in preventing heart attacks. (SAMI/Burke showed sales increases both in warehouse withdrawals and in scanner stores—contrary to a recent story in the *Wall Street Journal* to the effect that stores stocked more aspirin after the news of the study broke, but consumers did not increase their purchases of aspirin.)

Strong-performing drug store categories, 12-week dollar trends

Category	Percent change vs. year ago
Mouthwash	+22.4%
Appetite suppressants	+20.0
Hairspray	+19.5
Lip care products	+18.8
Laxatives and stool softeners	+17.6
Facial preparations	+13.1
Antacids	+12.1
Foot deodorants/ athlete's foot remedies	+10.4
Toothbrushes	+ 9.7
Internal analgesics	+ 7.4

Source: SAMI/Burke

Drug store dollar trends for high flying categories in 10 geographically dispersed major markets, 12 weeks ended May 20, 1988 vs. year ago

Appetite suppressants

Market	Percent change vs. year ago
Boston	+35.7%
New York	+35.6
Atlanta	+54.5
Miami	+38.9
New Orleans	+36.1
Chicago	+64.2
St. Louis	+15.3
Dallas	+56.7
Denver	+49.8
Los Angeles	+ 5.2
Total U. S.	+20.0

Hair spray

Market	Percent change vs. year ago
Boston	+ 29.1%
New York	+ 18.1
Atlanta	+ 20.9
Miami	+ 15.1
New Orleans	+ 20.6
Chicago	+ 6.3
St. Louis	+106.1
Dallas	+ 20.6
Denver	+ 14.2
Los Angeles	+ 16.3
Total U. S.	+ 19.5

Laxative & stool softeners

Market	Percent change vs. year ago
Boston	+49.1%
New York	+38.8
Atlanta	+13.6
Miami	+28.6
New Orleans	+29.7
Chicago	+ 6.5
St. Louis	+12.3
Dallas	– 0.9
Denver	+15.4
Los Angeles	+10.9
Total U. S.	+17.6

Lip care products

Market	Percent change vs. year ago
Boston	+ 21.3%
New York	+ 8.1
Atlanta	+ 15.6
Miami	+ 30.5
New Orleans	+ 17.8
Chicago	+ 79.6
St. Louis	+ 29.1
Dallas	– 20.2
Denver	– 6.4
Los Angeles	+ 4.0
Total U. S.	+ 18.8

Mouthwash

Market	Percent change vs. year ago
Boston	+33.3%
New York	+31.1
Atlanta	+11.4
Miami	+17.0
New Orleans	+38.3
Chicago	+16.4
St. Louis	+71.7
Dallas	+14.8
Denver	+12.5
Los Angeles	+27.8
Total U. S.	+22.4

Toothbrushes

Market	Percent change vs. year ago
Boston	– 3.0%
New York	+ 2.0
Atlanta	+ 38.6
Miami	+ 21.2
New Orleans	+ 18.7
Chicago	+ 20.4
St. Louis	+119.7
Dallas	+ 28.6
Denver	+ 20.3
Los Angeles	+ 50.4
Total U. S.	+ 9.7

Foot deodorants/athlete's remedies

Market	Percent change vs. year ago
Boston	+28.5%
New York	+23.7
Atlanta	+16.2
Miami	+10.4
New Orleans	+ 6.6
Chicago	+36.2
St. Louis	+20.7
Dallas	+ 5.0
Denver	+51.3
Los Angeles	+10.8
Total U. S.	+10.4

Internal analgesics

Market	Percent change vs. year ago
Boston	+ 20.1%
New York	+ 21.9
Atlanta	+ 14.2
Miami	+ 19.9
New Orleans	+ 22.6
Chicago	+ 6.8
St. Louis	+ 19.1
Dallas	+ 5.0
Denver	– 10.9
Los Angeles	+ 31.1
Total U. S.	+ 7.4

Facial preparations

Market	Percent change vs. year ago
Boston	+ 8.2%
New York	+ 8.1
Atlanta	+ 8.0
Miami	+ 9.5
New Orleans	+32.3
Chicago	+39.2
St. Louis	+71.5
Dallas	+11.3
Denver	+36.0
Los Angeles	+24.7
Total U. S.	+13.1

Antacids

Market	Percent change vs. year ago
Boston	+ 22.6%
New York	+ 18.7
Atlanta	+ 17.2
Miami	+ 13.6
New Orleans	+ 22.6
Chicago	– 4.4
St. Louis	+ 18.4
Dallas	+ 5.8
Denver	– 4.4
Los Angeles	+ 9.8
Total U. S.	+ 12.1

Source: SAMI/Burke

Suppressants up 20 percent

During the 12-week span under scrutiny, drug store sales of appetite suppressants rose 20 percent nationally. The highest gain among the 43 SAMI/Burke markets with comparable year-ago data (tracking is now reported in 54 markets) was a change of 96.2 percent in the Houston market. In contrast, there was a loss of 22.3 percent for this category in Indianapolis.

The trend parameters in the mouthwash category ranged from an upward surge of 71.7 percent in St. Louis, to a drop of 4.2 percent in Kansas City. Among the geographically selected markets in the charting, the lowest rate of gain was 11.4 percent in the Atlanta market.

Hair sprays, benefiting from new hair styling, have been on a roll for many months. In St. Louis, drug store volume of these items rose 106.1 percent, whereas a decline of 4.8 percent was registered in the Jacksonville/Tampa market.

Drug store sales of lip care products (not including lipstick) rose 90.4 percent in the Indianapolis market but fell 35.2 percent in Kansas City.

For laxatives and stool softeners the best performance was found in Seattle/Tacoma where the 12-week sales increase amounted to 68.7 percent. By contrast, in Minneapolis/St. Paul, there was a 21.5 percent decline in the sales of products in this category.

The range of sales changes for facial preparations goes from a gain of 71.5 percent in St. Louis to a loss of 17.5 percent in the Cinncinnati/Dayton/Columbus SAMI market. The spread of trends for antacids ranges from plus 30.0 percent in Spokane to minus 13.5 percent in Minneapolis/St. Paul.

Foot deodorants and athlete's foot remedies rose 51.3 percent in the Denver market but dipped 20.7 percent also in Minneapolis/St. Paul.

Toothbrush volume surged 119.7 percent in St. Louis but experienced a decline of 19.1 percent in the Hartford/New Haven/Springfield market. The strongest market for internal analgesics was Los Angeles/San Diego where the gain amounted to 31.1 percent. However, there was a loss of 10.9 percent in Denver.

Alan Miller is a consultant to SAMI/Burke, Inc., and former vp of sales service at Selling Areas Marketing, Inc.

The evolution of a marketing man

Before joining a fledgling SAMI in 1970, I was entrusted with the preparation of a vast number of marketing plans for 27 years, both as a brand manager and as an advertising agency account management executive. I must admit painfully that many of those documents were based to a large extent on "by guess and by golly."

In those days, facts and figures required to plan marketing strategy for both new and established brands were hard to come by. Often when the information did become available, it was too late because the program was already being implemented.

When I joined SAMI 18 years ago and discovered the fabulous array of facts that could be drawn on in this age of computerization, I was truly like a pig in clover.

The only trouble was that now that I had access to this vibrant database, there were no more marketing plans to write. Therefore, I have spent much of my time in the intervening years extracting nuggets of actionable data for clients to use in their marketing planning activities.

I am honored by the assignment from the editors of *Drug Store News* to prepare a monthly column reporting on H&BA facts and figures drawn from the SAMI data bank. Where appropriate, comparisons of trends in drug and food stores will be made. In addition, other future articles will focus on important differences in trends among the 54 major SAMI markets.

Articles will deal with the broad picture, as well as with important sub-segments, which is often where the action is.